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Legend

Distributing 1 =

Distributing 2 =

Distributing 3 =

Distributing 4 =

Controlled 1 =

Controlled 2 =

Controlled 3 =

Controlled 4 =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Sub 7 =

Sub 8 =

Sub 9 =

Sub 10 =

Sub 13 =

Sub 24 =

Sub 26 =

Sub 27 =

Sub 32 =

Sub 39 =

Sub 40 =

Sub 41 =

Sub 43 =

Sub 44 =

Sub 45 =

Sub 46 =

Merger Sub =

State Z =

Country A =

Country B =

Country C =

Country D =

Country E =

Country J =

Country M =

Country Q =

Country R =

Business A =

Business B =

Date 1 =

Executive M =

aa =

bb =

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yy =

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Dear :

This letter responds to your December 23, 2009 request for rulings on certain federal income tax consequences of the Proposed Transactions (defined below). The information provided in that request and in later correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process. In particular, this office has not reviewed any information pertaining to, and has made no determination regarding, whether Distribution 1, Distribution 2, Distribution 3, and Distribution 4 (each defined below): (i) satisfy the business purpose requirement of § 1.355-2(b) of the Income Tax Regulations; (ii) are being used principally as a device for the distribution of the earnings and profits of either Distributing 1, Distributing 2, Distributing 3, Distributing 4, Controlled 1, Controlled 2, Controlled 3, or Controlled 4, or any combination thereof (see § 355(a)(1)(B) of the Internal Revenue Code and § 1.355-2(d)); or (iii) are part of a

plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in Distributing 1, Distributing 2, Distributing 3, Distributing 4, Controlled 1, Controlled 2, Controlled 3, or Controlled 4 (see § 355(e) and § 1.355-7).

Summary of Facts

Distributing 4 is a State Z corporation whose stock is publicly traded. Distributing 4 has two classes of stock issued and outstanding that have identical economic rights on a per-share basis, Class A Stock and Class B Stock. Class B Stock carries yy votes per share, while Class A Stock carries zz votes per share. Executive M directly or indirectly owns stock representing an approximately aa% economic interest in Distributing 4. Executive M directly or indirectly controls the voting power of substantially all of Distributing 4's Class B Stock, giving Executive M approximately bb% of the total voting power of Distributing 4. Distributing 4 is engaged in Business B, and acts as the common parent of and files a consolidated tax return for an affiliated group of companies that are engaged in Business A or Business B. Distributing 4 is also the direct or indirect owner of numerous foreign subsidiaries that are engaged in Business A or Business B.

Before the Proposed Transactions (defined below), the Distributing 4 group was structured as follows. Distributing 4 directly wholly owned, among other subsidiaries, Sub 1 (a State Z corporation), Sub 2 (a Country B corporation), Sub 45 (a Country B corporation that is substantially dormant), and Distributing 3 (a Country A corporation). Distributing 4 indirectly wholly owned Sub 39 (a Country Q corporation).

Sub 1 directly wholly owned, among other subsidiaries, Sub 13 (a State Z corporation).

Distributing 3 directly wholly owned, among other subsidiaries, Distributing 1 (a Country A corporation), Sub 3 (a Country D corporation that is dormant and that has elected to be disregarded for U.S. federal income tax purposes), Sub 4 (a Country D corporation), Sub 5 (a Country A corporation), and Distributing 2 (a Country A corporation). Distributing 3 directly owned approximately cc% of Sub 6 (a Country E corporation). The remainder of Sub 6's shares were owned directly by other members of the Distributing 4 group, such that Distributing 4 indirectly wholly owned Sub 6.

Distributing 1 directly wholly owned Controlled 1 (a Country C corporation).

Controlled 1 directly wholly owned Sub 24 (a Country A corporation).

Sub 24 directly wholly owned Sub 26 (a Country A corporation), and Sub 27 (a Country A corporation).

Distributing 2 directly wholly owned Controlled 2 (a Country D corporation). Distributing 2 purchased 100% of the stock of Controlled 2 on Date 1, which date was during the five year period ending on the date Distributing 2 will be deemed to distribute the stock of Controlled 2. At Date 1, Controlled 2 (through Sub 32, its wholly owned subsidiary) carried on a business that currently forms part of Business A.

Sub 6 wholly owned, among other subsidiaries, Sub 7 (a Country E corporation), Sub 8 (a Country D corporation), and Sub 46 (a Country R corporation).

Sub 8 wholly owned Sub 9 (a Country E corporation), and Sub 10 (a Country M corporation).

Sub 39 wholly owned Sub 40 (a Country J corporation).

Distributing 4 conducts Business A primarily through Sub 1, Sub 2, Sub 3, Sub 4, Sub 5, Sub 7, Sub 9, Sub 10, Sub 40, Controlled 1, Controlled 2, and each of their domestic and foreign subsidiaries. Distributing 2, Distributing 3, and Distributing 4 hold a limited amount of Business A assets. Business B is conducted through Distributing 4 and its domestic and foreign subsidiaries other than those conducting Business A. Distributing 4 has submitted financial information indicating that Business A and Business B each has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

Distributing 4 has decided to separate Business A from Business B for what it represents to be valid business purposes.

Distributing 4 has outstanding unsecured notes that are exchangeable for shares of Class A Stock of Distributing 4. Under the terms of these notes, as a consequence of Distribution 4 (defined below), the notes will be split into notes of Distributing 4 and Controlled 4. Aside from an adjustment in the exchange ratio and certain related parameters, the terms of the new notes will be the same as the terms of the original notes, with the Controlled 4 notes being exchangeable for shares of Controlled 4 Common Stock.

Proposed Transactions

For what are represented to be valid business reasons, Distributing 4 has proposed, and partially completed, the following series of transactions (collectively, the “Proposed Transactions”):

(i) Distributing 4 will form Controlled 4, a State Z corporation. Controlled 4 will form Merger Sub.

(ii) Distributing 4 will contribute cash, intercompany receivables, all of the outstanding Sub 2 and Sub 45 stock, and certain Business A assets to Controlled 4. Merger Sub will merge with and into Sub 1. Immediately after these steps, Sub 1, Sub 2, and Sub 45 will be wholly-owned by Controlled 4 (the contributions and the merger, "Contribution 4A"). Distributing 4 will own 100% of Controlled 4 both before and after these transactions.

(iii) Distributing 2 will transfer certain Business A assets to Sub 5 in exchange for cash equal to the fair market value of the transferred assets.

(iv) Sub 5 will transfer certain Business B assets to Distributing 3 in exchange for cash equal to the fair market value of the transferred assets pursuant to a separate sale agreement (the transfer of cash from Distributing 3 to Sub 5, "Contribution 1D").

(v) Distributing 3 will transfer Business A assets to Sub 5 and Sub 24 in exchange for cash equal to the fair market value of the transferred assets. Immediately after these cash sales, Distributing 3 will contribute the cash proceeds from the sale to Sub 5 back to Sub 5. The group is seeking rulings that the circular flow of cash from Sub 5 to Distributing 3 and back to Sub 5 be disregarded, and that the transfer of assets from Distributing 3 to Sub 5 be treated as a contribution of property to a controlled subsidiary ("Contribution 1C").

(vi) Distributing 1 will contribute a receivable to Controlled 1 ("Contribution 1A"). Distributing 1 will transfer all of the outstanding Controlled 1 stock to Sub 5 in a transaction intended to qualify as a reorganization under the laws of Country A. No payment will be made for the Controlled 1 stock. The group is seeking rulings that this transfer be treated for U.S. federal income tax purposes as if Distributing 1 distributed Controlled 1 to Distributing 3 ("Distribution 1"), and then Distributing 3 contributed Controlled 1 to Sub 5 ("Contribution 1B").

(vii) Distributing 2 will transfer all of the outstanding Controlled 2 stock to Sub 5 in a transaction intended to qualify as a reorganization under the laws of Country A. No payment will be made for the Controlled 2 stock. The group is seeking rulings that this transfer be treated for U.S. federal income tax purposes as if Distributing 2 distributed Controlled 2 to Distributing 3 ("Distribution 2"), and then Distributing 3 contributed Controlled 2 to Sub 5 ("Contribution 2").

(viii) Distributing 4 will form Controlled 3.

(ix) Distributing 3 will transfer all of the assets of Sub 3, Sub 4 stock, and Sub 5 stock, as well as certain land assets, to Controlled 3 in a transaction intended to qualify as a reorganization under the laws of Country A. No payment will be made for the stock and assets transferred. The group is seeking rulings that this transfer be treated for U.S. federal income tax purposes as if Distributing 3 formed Controlled 3 and transferred the

assets of Sub 3, Sub 4 stock, Sub 5 stock, and land assets to Controlled 3 (“Contribution 3”), and then Distributing 3 distributed Controlled 3 to Distributing 4 (“Distribution 3”).

(x) Distributing 4 will contribute all of the outstanding Controlled 3 stock to Controlled 4 (“Contribution 4B”).

(xi) Sub 40 will make a cash distribution to Sub 39.

(xii) Controlled 4 will form and contribute cash to Sub 44, a State Z corporation. Sub 6 will purchase Sub 43, a Country E corporation, as a shelf company from a service provider for a nominal amount. Sub 44 will purchase Sub 43 from Sub 6 for the same amount. Sub 44 will contribute cash to Sub 43. Sub 43 will purchase all the outstanding stock of Sub 7 from Sub 6 for an amount equal to the fair market value of the transferred stock. Sub 43 will also purchase for cash a non-compete asset held by Sub 6 related to Sub 7’s business.

(xiii) Distributing 4 will purchase all the outstanding stock of Sub 10 from Sub 8 for an amount equal to the fair market value of the transferred stock. Distributing 4 will then contribute all of the outstanding Sub 10 stock to Controlled 4 (the contribution of the stock of Sub 10, “Contribution 4C”).

(xiv) Sub 13 will form and contribute cash to Sub 41, a Country Q corporation. Sub 41 will purchase all the outstanding stock of Sub 40 from Sub 39 for an amount equal to the fair market value of the transferred stock. Prior to the purchase, Sub 40 will have elected to be disregarded for U.S. federal income tax purposes (the sale and election, the “Sub 40 Reorganization”).

(xv) Sub 9 will make a loan to Sub 43. Sub 43 will purchase all the outstanding stock of Sub 9 from Sub 8 for an amount equal to the fair market value of the transferred stock, which will include the value of the loan receivable from Sub 43. Prior to the purchase, Sub 9 will have elected to be disregarded for U.S. federal income tax purposes (the sale and election, the “Sub 9 Reorganization”).

(xvi) Sub 1 will acquire for cash equal to the fair market value of the transferred asset a Business A asset from Sub 46. Sub 43 will acquire for cash equal to the fair market value of the transferred asset a Business A asset from Sub 46.

(xvii) Distributing 4 will distribute all of the outstanding Controlled 4 stock to Distributing 4’s shareholders on a pro rata basis (“Distribution 4”).

After Distribution 4, in order to achieve business efficiencies and subject to evaluation of non-U.S. federal income tax and legal issues, the intention is to merge Sub 26 and Sub 27 upstream into Sub 24.

Representations

The following representations are made with regard to the named transaction (or transactions):

A. Contribution 1A and Distribution 1

- (a) The total adjusted basis and the fair market value of the assets transferred to Controlled 1 in Contribution 1A will equal or exceed the sum of the liabilities, if any, assumed (as determined under § 357(d)) by Controlled 1.
- (b) The total fair market value of the assets that Distributing 1 will transfer to Controlled 1 in Contribution 1A will exceed the sum of (i) the amount of liabilities, if any, assumed (within the meaning of § 357(d)) by Controlled 1 in connection with the exchange, (ii) the amount of any liabilities owed to Controlled 1 by Distributing 1 that are discharged or extinguished in connection with the exchange, and (iii) the amount of any cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without the recognition of gain) received by Distributing 1 in connection with the exchange. The total fair market value of the assets of Controlled 1 will exceed the total amount of its liabilities immediately after the deemed exchange.
- (c) The liabilities, if any, to be assumed (as determined under § 357(d)) by Controlled 1 in Contribution 1A were incurred in the ordinary course of business and are associated with the assets being deemed transferred.
- (d) No intercorporate debt will exist between Distributing 1 and its subsidiaries, on the one hand, and Controlled 1 and its subsidiaries, on the other hand, at the time of, or subsequent to, deemed Distribution 1.
- (e) No part of the consideration to be deemed distributed by Distributing 1 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 1.
- (f) The 5 years of financial information submitted on behalf of Distributing 1 is representative of the corporation's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.
- (g) The 5 years of financial information submitted on behalf of Sub 24 (a wholly-owned subsidiary of Controlled 1) is representative of Sub 24's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(h) Following deemed Distribution 1, Distributing 1 and Controlled 1 (through the business of Sub 24) will each continue the active conduct of its business, independently and with its separate employees.

(i) Deemed Distribution 1 is being carried out for the following corporate business purpose: to facilitate Distribution 4. The deemed distribution of the stock of Controlled 1 is motivated, in whole or substantial part, by this corporate business purpose.

(j) Deemed Distribution 1 is not being used principally as a device for the distribution of the earnings and profits of Distributing 1, Controlled 1, or both.

(k) Deemed Distribution 1 is not part of a plan or series of related transactions (within the meaning of § 1.355-7), pursuant to which one or more persons (determined after applying § 355(d)(7)) will acquire directly or indirectly stock representing a 50 percent or greater interest (within the meaning of § 355(d)(4)) in Distributing 1 or Controlled 1 (including a predecessor or successor of any such corporation).

(l) For purposes of § 355(d), immediately after deemed Distribution 1, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 1 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing 1 stock, that was acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of deemed Distribution 1.

(m) For purposes of § 355(d), immediately after deemed Distribution 1, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 1 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled 1 stock, that was either (1) acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of deemed Distribution 1 or (2) attributable to distributions on stock of Distributing 1 that was acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of deemed Distribution 1.

(n) Distributing 1 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of the transaction.

(o) Payments made in connection with all continuing transactions, if any, between Distributing 1 and Controlled 1, will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(p) No two parties to the transaction are investment companies as defined in §§ 368(a)(2)(F)(iii) and (iv).

- (q) Immediately after Distribution 1, neither Distributing 1 nor Controlled 1 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).
- (r) Distributing 1 and Controlled 1 will be controlled foreign corporations, within the meaning of § 957(a), immediately before and after deemed Distribution 1.
- (s) Distributing 4 will be a § 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to each of Controlled 1 and Distributing 1 immediately before and after deemed Distribution 1.
- (t) Distributing 1 and Controlled 1 will not be passive foreign investment companies within the meaning of § 1297(a) immediately before or after deemed Distribution 1.
- (u) Controlled 1 will not hold any United States real property interests, as defined in § 897(c)(1), immediately before or after deemed Distribution 1.
- (v) Neither Distributing 1 nor Controlled 1 (i) was or will be a United States real property holding corporation (as defined in § 897(c)(2)) at any time during the 5-year period ending on the date of deemed Distribution 1 or (ii) will be a United States real property holding corporation immediately after deemed Distribution 1.
- (w) The notice requirements of §§ 1.367(b)-1(c) will be satisfied for deemed Distribution 1.
- (x) Deemed Distribution 1 will not include the transfer of stock in any corporation that has been a U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired gain recognition agreement within the meaning of §§ 1.367(a)-3, 1.367(a)-8, and 1.367(a)-8T.

B. Distribution 2

- (y) No intercorporate debt will exist between Distributing 2 and its subsidiaries, on the one hand, and Controlled 2 and its subsidiaries, on the other hand, at the time of, or subsequent to, deemed Distribution 2.
- (z) No part of the consideration to be deemed distributed by Distributing 2 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 2.
- (aa) The 5 years of financial information submitted on behalf of Distributing 2 is representative of the corporation's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(bb) The 5 years of financial information submitted on behalf of Sub 32 (a wholly-owned subsidiary of Controlled 2) is representative of Sub 32's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(cc) Following deemed Distribution 2, Distributing 2 and Controlled 2 (through the business of Sub 32) will each continue the active conduct of its business, independently and with its separate employees.

(dd) Deemed Distribution 2 is being carried out for the following corporate business purpose: to facilitate Distribution 4. The deemed distribution of the stock of Controlled 2 is motivated, in whole or substantial part, by this corporate business purpose.

(ee) Deemed Distribution 2 is not being used principally as a device for the distribution of the earnings and profits of Distributing 2, Controlled 2, or both.

(ff) Deemed Distribution 2 is not part of a plan or series of related transactions (within the meaning of § 1.355-7), pursuant to which one or more persons (determined after applying § 355(d)(7)) will acquire directly or indirectly stock representing a 50 percent or greater interest (within the meaning of § 355(d)(4)) in Distributing 2 or Controlled 2 (including a predecessor or successor of any such corporation).

(gg) For purposes of § 355(d), immediately after deemed Distribution 2, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 2 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing 2 stock, that was acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of deemed Distribution 2.

(hh) For purposes of § 355(d), immediately after deemed Distribution 2, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 2 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled 2 stock, that was either (1) acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of deemed Distribution 2 or (2) attributable to distributions on stock of Distributing 2 that was acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of deemed Distribution 2.

(ii) Distributing 2 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of the transaction.

(jj) Payments made in connection with all continuing transactions, if any, between Distributing 2 and Controlled 2, will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(kk) No two parties to the transaction are investment companies as defined in §§ 368(a)(2)(F)(iii) and (iv).

(ll) Immediately after Distribution 2, neither Distributing 2 nor Controlled 2 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(mm) Distributing 2 and Controlled 2 will be controlled foreign corporations, within the meaning of § 957(a), immediately before and after deemed Distribution 2.

(nn) Distributing 4 will be a § 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to each of Controlled 2 and Distributing 2 immediately before and after deemed Distribution 2.

(oo) Distributing 2 and Controlled 2 will not be passive foreign investment companies within the meaning of § 1297(a) immediately before or after deemed Distribution 2.

(pp) Controlled 2 will not hold any United States real property interests, as defined in § 897(c)(1), immediately before or after deemed Distribution 2.

(qq) Neither Distributing 2 nor Controlled 2 (i) was or will be a United States real property holding corporation (as defined in § 897(c)(2)) at any time during the 5-year period ending on the date of deemed Distribution 2 or (ii) will be a United States real property holding corporation immediately after deemed Distribution 2.

(rr) The notice requirements of §§ 1.367(b)-1(c) will be satisfied for deemed Distribution 2.

(ss) Deemed Distribution 2 will not include the transfer of stock in any corporation that has been a U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired gain recognition agreement within the meaning of §§ 1.367(a)-3, 1.367(a)-8, and 1.367(a)-8T.

C. Contribution 1B, Contribution 1C, Contribution 1D, and Contribution 2

(tt) No stock or securities will be deemed issued for services rendered to or for the benefit of Sub 5 in connection with deemed Contribution 1B, deemed Contribution 1C, Contribution 1D, and deemed Contribution 2, and no stock or securities will be deemed issued for indebtedness of Sub 5 that is not evidenced by a security or for interest on indebtedness of Sub 5 which accrued on or after the beginning of the holding period of Distributing 3 for the debt.

(uu) None of the stock to be deemed transferred is '§ 306 stock' within the meaning of § 306(c).

(vv) None of deemed Contribution 1B, deemed Contribution 1C, Contribution 1D, or deemed Contribution 2 is the result of solicitation by a promoter, broker, or investment house.

(ww) Distributing 3 will not retain any rights in the Controlled 1 and Controlled 2 stock deemed transferred.

(xx) Distributing 3's deemed adjusted basis in, and the fair market value of, the assets deemed transferred will, in each instance, be equal to or exceed the sum of any liabilities to be assumed by Sub 5 plus any liabilities to which such stock is subject.

(yy) Any liabilities to be deemed assumed by Sub 5 were incurred in the ordinary course of business and are associated with the assets to be transferred.

(zz) Immediately before deemed Contribution 1B, deemed Contribution 1C, Contribution 1D and deemed Contribution 2, there will be no indebtedness between Distributing 3 and its subsidiaries, on the one hand, and Sub 5 and its subsidiaries, on the other hand. There will be no indebtedness created in favor of Distributing 3 as a result of the transaction.

(aaa) The deemed transfers and exchanges will occur under a plan agreed upon before the transaction in which the rights of the parties are defined.

(bbb) All deemed exchanges will occur on approximately the same date.

(ccc) There is no plan or intention on the part of Sub 5 to redeem or otherwise reacquire any stock.

(ddd) There is no plan or intention by Sub 5 to dispose of the assets deemed transferred to it other than in the normal course of its business operations.

(eee) Sub 5 will not be an investment company within the meaning of § 351(e)(1) and § 1.351-1(c)(1)(ii).

(fff) Each of the parties to the transaction will pay its own expenses, if any, incurred in connection with the transaction.

(ggg) Distributing 3 is not under the jurisdiction of a court in a title 11 or similar case (within the meaning of § 368(a)(3)(A)) and the stock or securities received in the exchange will not be used to satisfy the indebtedness of Distributing 3.

(hhh) Sub 5 will not be a personal service corporation within the meaning of § 269A.

(iii) Following deemed Contribution 1B, deemed Contribution 1C, Contribution 1D, and deemed Contribution 2, Distributing 3 will transfer 100 percent of the stock of Sub 5 to Controlled 3 in connection with deemed Contribution 3. As a result of deemed Contribution 3, Controlled 3 will own 100 percent of the stock of Sub 5. Controlled 3 has no plan or intent to dispose of the stock of Sub 5.

(jjj) Distributing 4 will treat Sub 5's transfer of Business B assets to Distributing 3 described in step (iv) as integrated with deemed Contribution 1B, deemed Contribution 1C, Contribution 1D, and deemed Contribution 2, such that a pro rata portion of the Business B assets will be treated as exchanged for the assets transferred from Distributing 3 to Sub 5 based upon the relative fair market value of each asset transferred (the "Integrated Transaction").

D. Contribution 3 and Distribution 3

(kkk) The total adjusted basis and the fair market value of the assets deemed transferred to Controlled 3 in deemed Contribution 3 will equal or exceed the sum of the liabilities, if any, deemed assumed (as determined under § 357(d)) by Controlled 3.

(lll) The total fair market value of the assets that Distributing 3 will be deemed to transfer to Controlled 3 in Contribution 3 will exceed the sum of (i) the amount of liabilities, if any, assumed (within the meaning of § 357(d)) by Controlled 3 in connection with the deemed exchange, (ii) the amount of any liabilities owed to Controlled 3 by Distributing 3 that are discharged or extinguished in connection with the deemed exchange, and (iii) the amount of any cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without the recognition of gain) deemed received by Distributing 3 in connection with the exchange. The total fair market value of the assets of Controlled 3 will exceed the total amount of its liabilities immediately after the deemed exchange.

(mmm) The liabilities, if any, to be assumed (as determined under § 357(d)) by Controlled 3 in deemed Contribution 3 were incurred in the ordinary course of business and are associated with the assets being deemed transferred.

(nnn) No intercorporate debt will exist between Distributing 3 and its subsidiaries, on the one hand, and Controlled 3 and its subsidiaries, on the other hand, at the time of, or subsequent to, deemed Distribution 3.

(ooo) No part of the consideration to be deemed distributed by Distributing 3 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 3.

(ppp) The 5 years of financial information submitted on behalf of Distributing 3 is representative of the corporation's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(qqq) The 5 years of financial information submitted on behalf of Sub 24 (immediately before the deemed distribution, an indirect wholly-owned subsidiary of Controlled 3) is representative of Sub 24's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(rrr) Following deemed Distribution 3, Distributing 3 and Controlled 3 (through the business of Sub 24) will each continue the active conduct of its business, independently and with its separate employees.

(sss) Deemed Distribution 3 is being carried out for the following corporate business purpose: to facilitate Distribution 4. The deemed distribution of the stock of Controlled 3 is motivated, in whole or substantial part, by this corporate business purpose.

(ttt) Deemed Distribution 3 is not being used principally as a device for the distribution of the earnings and profits of Distributing 3, Controlled 3, or both.

(uuu) Deemed Distribution 3 is not part of a plan or series of related transactions (within the meaning of § 1.355-7), pursuant to which one or more persons (determined after applying § 355(d)(7)) will acquire directly or indirectly stock representing a 50 percent or greater interest (within the meaning of § 355(d)(4)) in Distributing 3 or Controlled 3 (including a predecessor or successor of any such corporation).

(vvv) For purposes of § 355(d), immediately after deemed Distribution 3, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 3 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing 3 stock, that was acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of deemed Distribution 3.

(www) For purposes of § 355(d), immediately after deemed Distribution 3, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 3 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled 3 stock, that was either (1) acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of deemed Distribution 3 or (2) attributable to distributions on stock of Distributing 3 that was

acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of deemed Distribution 3.

(xxx) Distributing 3 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of the transaction.

(yyy) Payments made in connection with all continuing transactions, if any, between Distributing 3 and Controlled 3, will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(zzz) No two parties to the transaction are investment companies as defined in §§ 368(a)(2)(F)(iii) and (iv).

(aaaa) Immediately after Distribution 3, neither Distributing 3 nor Controlled 3 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(bbbb) Distributing 3 and Controlled 3 will be controlled foreign corporations, within the meaning of § 957(a), immediately before and after deemed Distribution 3.

(cccc) Distributing 4 will be a § 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to each of Controlled 3 and Distributing 3 immediately before and after deemed Distribution 3.

(dddd) Distributing 3 and Controlled 3 will not be passive foreign investment companies within the meaning of § 1297(a) immediately before or after deemed Distribution 3.

(eeee) Controlled 3 will not hold any United States real property interests, as defined in § 897(c)(1), immediately before or after deemed Distribution 3.

(ffff) Neither Distributing 3 nor Controlled 3 (i) was or will be a United States real property holding corporation (as defined in § 897(c)(2)) at any time during the 5-year period ending on the date of Distribution 3 or (ii) will be a United States real property holding corporation immediately after deemed Distribution 3.

(gggg) The notice requirements of §§ 1.367(b)-1(c) will be satisfied for deemed Distribution 3.

(hhhh) Contribution 3 and Distribution 3 will not include the transfer of stock in any corporation that has been a U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired gain recognition agreement within the meaning of §§ 1.367(a)-3, 1.367(a)-8, and 1.367(a)-8T.

(iii) Distributing 3's deemed contribution of stock to Controlled 3 in deemed Contribution 3 is not an exchange described in §§ 1.367(b)-4(b)(1)(i), 1.367(b)-4(b)(2)(i) or 1.367(b)-4(b)(3).

E. The Sub 40 Reorganization

(jjjj) The fair market value of the cash and other consideration deemed received by Sub 39 will be approximately equal to the fair market value of the Sub 40 stock deemed surrendered in the exchange.

(kkkk) Other than as provided by operation of § 1.368-2(l) with respect to the nominal share deemed issued, there is no plan or intention by Sub 39 to sell, exchange, or otherwise dispose of shares of Sub 41 stock deemed received in the transaction.

(llll) There is no plan or intent for Sub 13 to sell, exchange, or otherwise dispose of any shares of Sub 41 stock.

(mmmm) Sub 41 will be deemed to acquire at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets held by Sub 40 immediately prior to the Sub 40 Reorganization. For purposes of this representation, amounts used by Sub 40 to pay its reorganization expenses, if any, and all redemptions and distributions (except for regular, normal dividends) made by Sub 40 immediately preceding the Sub 40 Reorganization will be included as assets of Sub 40 held immediately prior to the Sub 40 Reorganization.

(nnnn) After the Sub 40 Reorganization, Sub 39 will be in control of Sub 41 within the meaning of § 368(a)(2)(H).

(oooo) Sub 41 has no plan or intention to sell or otherwise dispose of any of the assets of Sub 40 deemed acquired in the Sub 40 Reorganization, except for dispositions made in the ordinary course of business.

(pppp) Following the Sub 40 Reorganization, Sub 41 will continue the historic business of Sub 40 or use a significant portion of Sub 40's historic business assets in a business.

(qqqq) At the time of the Sub 40 Reorganization, Sub 40 will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Sub 40 that, if exercised or converted, would affect Sub 39's acquisition or retention of control of Sub 41, as defined in § 368(a)(2)(H).

(rrrr) Sub 39, Sub 40, and Sub 41 will pay their respective expenses, if any, incurred in connection with the transaction.

(ssss) No intercorporate debt will exist between Sub 40 and Sub 41 at the time of, or subsequent to, the Sub 40 Reorganization.

(tttt) No party to the Sub 40 Reorganization is an investment company as defined in §§ 368(a)(2)(F)(iii) and (iv).

(uuuu) Immediately after the Sub 40 Reorganization, no party will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(vvvv) The total adjusted basis and the fair market value of the assets deemed transferred to Sub 41 by Sub 40 in the Sub 40 Reorganization will equal or exceed the sum of the liabilities, if any, assumed (as determined under § 357(d)) by Sub 41.

(www) The total fair market value of the assets that Sub 40 will be deemed to transfer to Sub 41 in the Sub 40 Reorganization will equal or exceed the sum of (i) the amount of liabilities, if any, assumed (within the meaning of § 357(d)) by Sub 41 in connection with the exchange, (ii) the amount of any liabilities owed to Sub 41 by Sub 40 that are discharged or extinguished in connection with the exchange, and (iii) the amount of any cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without the recognition of gain) deemed received by Sub 40 in connection with the exchange. The total fair market value of the assets of Sub 41 will exceed the total amount of its liabilities immediately after the deemed exchange.

(xxxx) The liabilities, if any, to be assumed (as determined under § 357(d)) by Sub 41 in the Sub 40 Reorganization were incurred in the ordinary course of business and are associated with the assets being deemed transferred.

(yyyy) Sub 40 is not under the jurisdiction of a court in a title 11 of similar case within the meaning of § 368(a)(3)(A).

F. The Sub 9 Reorganization

(zzzz) The fair market value of the cash and other consideration deemed received by Sub 8 will be approximately equal to the fair market value of the Sub 9 stock deemed surrendered in the exchange.

(aaaaa) Other than as provided by operation of § 1.368-2(l) with respect to the nominal share deemed issued, there is no plan or intention by Sub 8 to sell, exchange, or otherwise dispose of shares of Sub 43 stock deemed received in the transaction.

(bbbbb) There is no plan or intent for Sub 44 to sell, exchange, or otherwise dispose of any shares of Sub 43 stock.

(ccccc) Sub 43 will be deemed to acquire at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets held by Sub 9 immediately prior to the Sub 9 Reorganization. For purposes of this representation, amounts used by Sub 9 to pay its reorganization expenses, if any, and all redemptions and distributions (except for regular, normal dividends) made by Sub 9 immediately preceding the Sub 9 Reorganization will be included as assets of Sub 9 held immediately prior to the Sub 9 Reorganization.

(ddddd) After the Sub 9 Reorganization, Sub 8 will be in control of Sub 43 within the meaning of § 368(a)(2)(H).

(eeeeee) Sub 43 has no plan or intention to sell or otherwise dispose of any of the assets of Sub 9 deemed acquired in the Sub 9 Reorganization, except for dispositions made in the ordinary course of business.

(fffff) Following the Sub 9 Reorganization, Sub 43 will continue the historic business of Sub 9 or use a significant portion of Sub 9's historic business assets in a business.

(ggggg) At the time of the Sub 9 Reorganization, Sub 9 will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Sub 9 that, if exercised or converted, would affect Sub 8's acquisition or retention of control of Sub 43, as defined in § 368(a)(2)(H).

(hhhhh) Sub 8, Sub 9, and Sub 43 will pay their respective expenses, if any, incurred in connection with the transaction.

(iiii) No intercorporate debt will exist between Sub 9 and Sub 43 at the time of, or subsequent to, the Sub 9 Reorganization.

(jjjjj) No party to the Sub 9 Reorganization is an investment company as defined in §§ 368(a)(2)(F)(iii) and (iv).

(kkkkk) Immediately after the Sub 40 Reorganization, no party will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(lllll) The total adjusted basis and the fair market value of the assets deemed transferred to Sub 43 by Sub 9 in the Sub 9 Reorganization will equal or exceed the sum of the liabilities, if any, assumed (as determined under § 357(d)) by Sub 43.

(mmmmm) The total fair market value of the assets that Sub 9 will be deemed to transfer to Sub 43 in the Sub 9 Reorganization will equal or exceed the sum of (i) the amount of liabilities, if any, assumed (within the meaning of § 357(d)) by Sub 43 in connection with the exchange, (ii) the amount of any liabilities owed to Sub 43 by Sub 9 that are discharged or extinguished in connection with the exchange, and (iii) the

amount of any cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without the recognition of gain) deemed received by Sub 9 in connection with the exchange. The total fair market value of the assets of Sub 43 will exceed the total amount of its liabilities immediately after the deemed exchange.

(nnnnn) The liabilities, if any, to be assumed (as determined under § 357(d)) by Sub 43 in the Sub 9 Reorganization were incurred in the ordinary course of business and are associated with the assets being deemed transferred.

(ooooo) Sub 9 is not under the jurisdiction of a court in a title 11 of similar case within the meaning of § 368(a)(3)(A).

G. Contribution 4A, Contribution 4B, Contribution 4C, and Distribution 4

(ppppp) No intercorporate debt will exist between Distributing 4 and its subsidiaries, on the one hand, and Controlled 4 and its subsidiaries, on the other hand, at the time of, or subsequent to, Distribution 4.

(qqqqq) Except for the issuance of Controlled 4 warrants to the holders of Distributing 4 warrants, the issuance of Controlled 4 exchangeable notes to the holders of Distributing 4 exchangeable notes, and the possible issuance of options to employees of Controlled 4, no part of the consideration to be distributed by Distributing 4 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing 4.

(rrrrr) The 5 years of financial information submitted on behalf of Distributing 3 (a wholly-owned subsidiary of Distributing 4) is representative of Distributing 3's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(sssss) The 5 years of financial information submitted on behalf of Sub 24 (immediately before the distribution, an indirect wholly-owned subsidiary of Controlled 4) is representative of Sub 24's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(ttttt) Following Distribution 4, Distributing 4 (through the business of Distributing 3) and Controlled 4 (through the business of Sub 24) will each continue the active conduct of its business, independently and with its separate employees.

(uuuuu) Distribution 4 is being carried out for the following corporate business purposes: (i) to permit Distributing 4's management team to focus entirely on its core Business B operations, which are fundamentally different than those of Business A, (ii) to permit Distributing 4 and Controlled 4 to allocate resources in the manner best suited for their independent businesses, and (iii) to enable Controlled 4 to implement a compensation plan based on its industry and focused solely on the performance of Business A. The distribution of the stock, or stock and securities, of Controlled 4 is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(vvvvv) Distribution 4 is not being used principally as a device for the distribution of the earnings and profits of Distributing 4, Controlled 4, or both.

(wwwww) Distribution 4 is not part of a plan or series of related transactions (within the meaning of § 1.355-7), pursuant to which one or more persons (determined after applying § 355(d)(7)) will acquire directly or indirectly stock representing a 50 percent or greater interest (within the meaning of § 355(d)(4)) in Distributing 4 or Controlled 4 (including a predecessor or successor of any such corporation).

(xxxxx) For purposes of § 355(d), immediately after Distribution 4, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing 4 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing 4 stock, that was acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 4.

(yyyyy) For purposes of § 355(d), immediately after Distribution 4, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled 4 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled 4 stock, that was either (1) acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 4 or (2) attributable to distributions on stock of Distributing 4 that was acquired by purchase (as defined in §§ 355(d)(5) and (8)) during the 5-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 4.

(zzzzz) Distributing 4 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of the transaction.

(aaaaa) Payments made in connection with all continuing transactions, if any, between Distributing 4 and Controlled 4, will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(bbbbbb) No two parties to the transaction are investment companies as defined in §§ 368(a)(2)(F)(iii) and (iv).

(ccccc) Immediately after Distribution 4, neither Distributing 4 nor Controlled 4 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(ddddd) Immediately before Distribution 4, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations.

(eeeeee) The payment of cash in lieu of fractional shares of Controlled 4 is solely for the purpose of avoiding the expense and inconvenience of issuing fractional shares and does not represent separately bargained-for consideration. The fractional share interests of each Distributing 4 shareholder will be aggregated, and no Distributing 4 shareholder is expected to receive cash with respect to their Common Stock or Class B Common Stock in an amount greater than the value of one full share of the class of stock with respect to which the fractional share payment is made.

(fffff) The total adjusted basis and the fair market value of the assets transferred to Controlled 4 in Contribution 4A, Contribution 4B, and Contribution 4C will equal or exceed the sum of the liabilities, if any, assumed (as determined under § 357(d)) by Controlled 4.

(gggggg) The total fair market value of the assets that Distributing 4 will transfer to Controlled 4 in Contribution 4A, Contribution 4B, and Contribution 4C will exceed the sum of (i) the amount of liabilities, if any, assumed (within the meaning of § 357(d)) by Controlled 4 in connection with the exchanges, (ii) the amount of any liabilities owed to Controlled 4 by Distributing 4 that are discharged or extinguished in connection with the exchanges, and (iii) the amount of any cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without the recognition of gain) received by Distributing 4 in connection with the exchanges. The total fair market value of the assets of Controlled 4 will exceed the total amount of its liabilities immediately after the exchanges.

(hhhhh) The liabilities, if any, to be assumed (as determined under § 357(d)) by Controlled 4 in Contribution 4A, Contribution 4B, and Contribution 4C were incurred in the ordinary course of business and are associated with the assets being deemed transferred.

Rulings

Based solely on the information submitted and representations made, we rule as follows with regard to the following named transaction (or transactions):

A. Contribution 1A and Distribution 1

(1) For federal income tax purposes, the transactions described in step (vi) will be treated as if, following Contribution 1A, Distributing 1 distributed Controlled 1 to Distributing 3, followed by a transfer of Controlled 1 from Distributing 3 to Sub 5 as part of the Integrated Transaction described in representation (jjj). See Rev. Rul. 77-191, 1977-1 C.B. 94.

(2) Contribution 1A followed by Distribution 1 will qualify as a reorganization within the meaning of § 368(a)(1)(D). Distributing 1 and Controlled 1 will each be a “party to a reorganization” within the meaning of § 368(b).

(3) No gain or loss will be recognized by Distributing 1 on Contribution 1A. § 361(a); § 357(a).

(4) No gain or loss will be recognized by Controlled 1 on Contribution 1A. § 1032(a).

(5) The basis of the asset received by Controlled 1 will equal Distributing 1’s basis in such asset immediately before Contribution 1A. § 362(b).

(6) The holding period of the asset received by Controlled 1 will include the period Distributing 1 held such asset. § 1223(2).

(7) No gain or loss will be recognized by Distributing 1 on Distribution 1. § 361(c)(1).

(8) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 3 on its receipt of Controlled 1 stock. § 355(a)(1).

(9) The aggregate basis of the Distributing 1 stock and the Controlled 1 stock in the hands of Distributing 3 immediately after Distribution 1 will equal the aggregate basis of the Distributing 1 stock held by Distributing 3 immediately before Distribution 1, allocated between the stock of Distributing 1 and Controlled 1 in proportion to the fair market value of each immediately following Distribution 1 in accordance with § 1.358-2(a). § 358(b)(2) and (c).

(10) Distributing 3’s holding period for the Controlled 1 stock received by Distributing 3 will include the holding period of the Distributing 1 stock with respect to which the Controlled 1 stock will be distributed, provided that the Distributing 1 stock is held as a capital asset on the date of Distribution 1. § 1223(1).

(11) As provided in § 312(h), proper allocation of earnings and profits between Distributing 1 and Controlled 1 will be made under § 1.312-10(b).

(12) Distribution 1 will be a distribution to which §§ 1.367(b)-1(c), 1.367(b)-5(a), and 1.367(b)-5(c) apply. If Distributing 3's postdistribution amount (as defined in § 1.367(b)-5(e)(2)) with respect to Distributing 1 or Controlled 1 is less than Distributing 3's predistribution amount (as defined in § 1.367(b)-5(e)(1)) with respect to Distributing 1 or Controlled 1, then Distributing 3's basis in such stock immediately after the distribution must be reduced by the amount of the difference. However, Distributing 3's basis in such stock must not be reduced below zero, and to the extent the foregoing reduction would reduce basis below zero, then Distributing 3 must instead include such amount in income as a deemed dividend from such corporation. § 1.367(b)-5(c)(2). If Distributing 3 reduces its basis in the stock of Distributing 1 or Controlled 1 (or has an inclusion with respect to such stock), then Distributing 3 shall increase its basis in the stock of the other corporation to the extent provided in § 1.367(b)-5(c)(4).

B. Distribution 2

(13) For federal income tax purposes, the transactions described in step (vii) will be treated as if Distributing 2 distributed Controlled 2 to Distributing 3, followed by a transfer of Controlled 2 from Distributing 3 to Sub 5 as part of the Integrated Transaction described in representation (jjj). See Rev. Rul. 77-191, 1977-1 C.B. 94.

(14) No gain or loss will be recognized by Distributing 2 on Distribution 2. § 355(c).

(15) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 3 on its receipt of Controlled 2 stock. § 355(a)(1).

(16) The aggregate basis of the Distributing 2 stock and the Controlled 2 stock in the hands of Distributing 3 immediately after Distribution 2 will equal the aggregate basis of the Distributing 2 stock held by Distributing 3 immediately before Distribution 2, allocated between the stock of Distributing 2 and Controlled 2 in proportion to the fair market value of each immediately following Distribution 2 in accordance with § 1.358-2(a). § 358(b)(2) and (c).

(17) Distributing 3's holding period for the Controlled 2 stock received by Distributing 3 will include the holding period of the Distributing 2 stock with respect to which the Controlled 2 stock will be distributed, provided that the Distributing 2 stock is held as a capital asset on the date of Distribution 2. § 1223(1).

(18) As provided in § 312(h), proper allocation of earnings and profits between Distributing 2 and Controlled 2 will be made under § 1.312-10(b).

(19) Distribution 2 will be a distribution to which §§ 1.367(b)-1(c), 1.367(b)-5(a), and 1.367(b)-5(c) apply. If Distributing 3's postdistribution amount (as defined in § 1.367(b)-5(e)(2)) with respect to Distributing 2 or Controlled 2 is less than Distributing 3's predistribution amount (as defined in § 1.367(b)-5(e)(1)) with respect to Distributing 2 or

Controlled 2, then Distributing 3's basis in such stock immediately after the distribution must be reduced by the amount of the difference. However, Distributing 3's basis in such stock must not be reduced below zero, and to the extent the foregoing reduction would reduce basis below zero, then Distributing 3 must instead include such amount in income as a deemed dividend from such corporation. § 1.367(b)-5(c)(2). If Distributing 3 reduces its basis in the stock of Distributing 2 or Controlled 2 (or has an inclusion with respect to such stock), then Distributing 3 shall increase its basis in the stock of the other corporation to the extent provided in § 1.367(b)-5(c)(4).

C. Contribution 1B, Contribution 1C, Contribution 1D, and Contribution 2

(20) For federal income tax purposes, the asset sale from Distributing 3 to Sub 5 followed by the contribution of the sales proceeds back to Sub 5 described in step (v) will be treated as a contribution by Distributing 3 to Sub 5 of the assets sold. The circular flow of cash will be disregarded.

(21) Sub 5's transfer of Business B assets to Distributing 3 described in step (iv) will be treated as integrated with deemed Contribution 1B, deemed Contribution 1C, Contribution 1D, and deemed Contribution 2, such that a pro rata portion of the Business B assets will be treated as exchanged for the assets transferred from Distributing 3 to Sub 5 based upon the relative fair market value of each asset transferred.

(22) Except as provided by ruling (21), no gain or loss will be recognized by Distributing 3 on Contribution 1B, Contribution 1C, Contribution 1D, or Contribution 2. §§ 351(a) and 357(a); Rev. Rul. 2003-51, 2003-1 C.B. 938.

(23) Contribution 1B, Contribution 1C, Contribution 1D, and Contribution 2 will each be an exchange to which §§ 1.367(b)-1(c) and 1.367(b)-4(a) apply.

(24) No amount will be included in income as a deemed dividend equal to the § 1248 amount under § 367(b) as a result of Contribution 1B, Contribution 1C, Contribution 1D, or Contribution 2. §§ 1.367(b)-1(b) and 1.367(b)-4(b).

D. Contribution 3 and Distribution 3

(25) For federal income tax purposes, the transactions described in steps (viii) and (ix) will be treated as if Distributing 3 had formed Controlled 3 and transferred the assets of Sub 3, Sub 4 stock, Sub 5 stock, and land assets to Controlled 3, and then Distributing 3 distributed Controlled 3 to Distributing 4. See Rev. Rul. 77-191, 1977-1 C.B. 94.

(26) Contribution 3 followed by Distribution 3 will qualify as a reorganization within the meaning of § 368(a)(1)(D). Distributing 3 and Controlled 3 will each be a "party to a reorganization" within the meaning of § 368(b).

(27) No gain or loss will be recognized by Distributing 3 on Contribution 3. § 361(a); § 357(a).

(28) No gain or loss will be recognized by Controlled 3 on Contribution 3. § 1032(a).

(29) The basis of each asset, including the assets of Sub 3, Sub 4 stock, Sub 5 stock, and land assets, received by Controlled 3 will equal Distributing 3's basis in such asset immediately before Contribution 3. § 362(b).

(30) The holding period of each asset, including the assets of Sub 3, Sub 4 stock, Sub 5 stock, and land assets received by Controlled 3 will include the period Distributing 3 held such asset. § 1223(2).

(31) No gain or loss will be recognized by Distributing 3 on Distribution 3. § 361(c)(1).

(32) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 4 on its receipt of Controlled 3 stock. § 355(a)(1).

(33) The aggregate basis of the Distributing 3 stock and the Controlled 3 stock in the hands of Distributing 4 immediately after Distribution 3 will equal the aggregate basis of the Distributing 3 stock held by Distributing 4 immediately before Distribution 3, allocated between the stock of Distributing 3 and Controlled 3 in proportion to the fair market value of each immediately following Distribution 3 in accordance with § 1.358-2(a). § 358(b)(2) and (c).

(34) Distributing 4's holding period for the Controlled 3 stock received by Distributing 4 will include the holding period of the Distributing 3 stock with respect to which the Controlled 3 stock will be distributed, provided that the Distributing 3 stock is held as a capital asset on the date of Distribution 3. § 1223(1).

(35) As provided in § 312(h), proper allocation of earnings and profits between Distributing 1 and Controlled 2 will be made under § 1.312-10(a).

(36) Contribution 3 will be an exchange to which §§ 1.367(b)-1(c) and 1.367(b)-4(a) apply.

(37) No amount will be included in income as a deemed dividend equal to the § 1248 amount under § 367(b) as a result of Contribution 3. §§ 1.367(b)-1(b) and 1.367(b)-4(b).

(38) Distribution 3 will be a distribution to which §§ 1.367(b)-1(c), 1.367(b)-5(a), and 1.367(b)-5(c) apply. If Distributing 4's postdistribution amount (as defined in § 1.367(b)-5(e)(2)) with respect to Distributing 3 or Controlled 3 is less than Distributing 4's

predistribution amount (as defined in § 1.367(b)-5(e)(1)) with respect to Distributing 3 or Controlled 3, then Distributing 4's basis in such stock immediately after the distribution must be reduced by the amount of the difference. However, Distributing 4's basis in such stock must not be reduced below zero, and to the extent the foregoing reduction would reduce basis below zero, then Distributing 4 must instead include such amount in income as a deemed dividend from such corporation (see § 1.367(b)-5(f)). If Distributing 4 reduces its basis in the stock of Distributing 3 or Controlled 3 (or has an inclusion with respect to such stock), then Distributing 3 shall increase its basis in the stock of the other corporation to the extent provided in § 1.367(b)-5(c)(4).

E. The Sub 40 Reorganization and the Sub 9 Reorganization

(39) For federal income tax purposes, the Sub 40 Reorganization will be treated as if Sub 40 transferred substantially all its assets to Sub 41 in exchange for cash and a nominal share of Sub 41 stock and the assumption by Sub 41 of Sub 40 liabilities, followed by the distribution of the cash and the deemed distribution of the nominal share to Sub 39 in a distribution subject to §§ 354 and 356. So viewed, the Sub 40 Reorganization will qualify as a reorganization within the meaning of § 368(a)(1)(D). Sub 40 and Sub 41 will each be a "party to a reorganization" within the meaning of § 368(b). The nominal share is deemed to have been further transferred from Sub 39 to Sub 13 to reflect the actual ownership of Sub 40 and Sub 41. See § 1.368-2(l)(2)(i). The cash distributed by Sub 40 to Sub 39 in step (xi) will be treated as distributed in the distribution subject to §§ 354 and 356.

(40) For federal income tax purposes, the Sub 9 Reorganization will be treated as if Sub 9 transferred substantially all of its assets to Sub 43 in exchange for cash and a nominal share of Sub 43 stock and the assumption by Sub 43 of Sub 9 liabilities, followed by the distribution of the cash and the deemed distribution of the nominal share to Sub 8 in a distribution subject to §§ 354 and 356. So viewed, the Sub 9 Reorganization will qualify as a reorganization within the meaning of § 368(a)(1)(D). Sub 9 and Sub 43 will each be a "party to a reorganization" within the meaning of § 368(b). The nominal share is deemed to have been further transferred from Sub 8 to Sub 44 to reflect the actual ownership of Sub 9 and Sub 43. See § 1.368-2(l)(2)(i).

F. Contribution 4A, Contribution 4B, Contribution 4C, and Distribution 4

(41) For federal income tax purposes, the merger of Controlled 4's merger sub with and into Sub 1, resulting in Controlled 4 owning 100 percent of the stock of Sub 1, will be treated as a contribution of Sub 1 stock to Controlled 4 by Distributing 4.

(42) Contribution 4A, Contribution 4B, and Contribution 4C, followed by Distribution 4 will qualify as a reorganization within the meaning of § 368(a)(1)(D). Distributing 4 and Controlled 4 will each be a "party to a reorganization" within the meaning of § 368(b).

(43) No gain or loss will be recognized by Distributing 4 on Contribution 4A, Contribution 4B and Contribution 4C. § 361(a); § 357(a).

(44) No gain or loss will be recognized by Controlled 4 on Contribution 4A, Contribution 4B, and Contribution 4C. § 1032(a).

(45) The basis of each asset, including the Sub 1 stock, Sub 2 stock, Sub 10 stock, Sub 45 stock, and Controlled 3 stock, received by Controlled 4 will equal Distributing 4's basis in such asset immediately before Contribution 4A, Contribution 4B, and Contribution 4C. § 362(b).

(46) The holding period of each asset, including the Sub 1 stock, Sub 2 stock, Sub 10 stock, Sub 45 stock, and Controlled 3 stock, received by Controlled 4 will include the period Distributing 4 held such asset. § 1223(2).

(47) No gain or loss will be recognized by Distributing 4 on Distribution 4. § 361(c)(1).

(48) No gain or loss will be recognized by (and no amount will be included in the income of) Distributing 4's shareholders on the receipt of Controlled 4 stock in Distribution 4. § 355(a)(1).

(49) The aggregate basis of the Distributing 4 stock and the Controlled 4 stock in the hands of Distributing 4's shareholders immediately after Distribution 4 will equal the aggregate basis of the Distributing 4 stock held by Distributing 4's shareholders immediately before Distribution 4, allocated between the stock of Distributing 4 and Controlled 4 in proportion to the fair market value of each immediately following Distribution 4 in accordance with § 1.358-2(a). § 358(b)(2) and (c).

(50) Each Distributing 4 shareholder's holding period for the Controlled 4 stock will include the holding period of the Distributing 4 stock with respect to which the Controlled 4 stock will be distributed, provided that the Distributing 4 stock is held as a capital asset on the date of Distribution 4. § 1223(1).

(51) As provided in § 312(h), proper allocation of earnings and profits between Distributing 4 and Controlled 4 will be made under § 1.312-10(a).

(52) Payments made by Distributing 4 or its subsidiaries to Controlled 4 or its subsidiaries, or vice versa, under the MSDA, the Tax Sharing Agreement, or any of the other ancillary agreements entered into in connection with the transactions that (i) have arisen or will arise for a taxable period ending on or before Distribution 4 or for a taxable period beginning on or before and ending after Distribution 4 and (ii) will not have become fixed and ascertainable until after Distribution 4, will be treated as occurring immediately before Distribution 4. See *Arrowsmith v. Commissioner*, 344 U.S. 6 (1952); Rev. Rul. 83-73, 1983-1 C.B. 84.

(53) The receipt of cash, if any, in lieu of fractional share interests in Controlled 4 stock will be treated for federal income tax purposes as if the fractional share interests are distributed by Distributing 4 and then sold by the recipient. The amount and character of any gain or loss (measured by the difference between the basis allocated to the fractional share and the amount of cash received, and taking into consideration the holding period given the fractional share), will be treated as capital, provided the stock was held as a capital asset by the selling shareholder.

G. Miscellaneous

(54) Except to the extent required under § 1.1502-9T(b)(6)(i), no recapture will arise under § 904(f)(3) to reduce Distributing 4's consolidated overall foreign loss account to be apportioned as a result of any of the transaction steps described herein.

(55) The asset sales described in transaction steps (iii) and (xvi) will be respected as independent transactions and will not be viewed as an integrated part of any other transaction.

(56) Distributing 4's purchase of the stock of Sub 10 will not be an acquisition of stock by a related corporation described in § 304.

Caveats

No opinion is expressed about the tax treatment of the Proposed Transactions under other provisions of the Code and regulations, including under the International provisions, or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transactions that are not specifically covered by the above rulings. In particular, no opinion is expressed regarding: (i) whether Distribution 1, Distribution 2, Distribution 3, and Distribution 4 satisfy the business purpose requirement of § 1.355-2(b); (ii) whether Distribution 1, Distribution 2, Distribution 3, and Distribution 4 are being used principally as a device for the distribution of the earnings and profits of either Distributing 1, Distributing 2, Distributing 3, Distributing 4, Controlled 1, Controlled 2, Controlled 3, or Controlled 4, or any combination thereof (see § 355(a)(1)(B) and § 1.355-2(d)); and (iii) whether Distribution 1, Distribution 2, Distribution 3, and Distribution 4 are part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in Distributing 1, Distributing 2, Distributing 3, Distributing 4, Controlled 1, Controlled 2, Controlled 3, or Controlled 4 (see § 355(e) and § 1.355-7).

Procedural Statements

This ruling letter is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent. A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of this ruling letter.

In accordance with the powers of attorney on file in this office, a copy of this ruling letter is being sent to your authorized representatives.

Sincerely,

Alfred C. Bishop, Jr.
Branch Chief, Branch 6
Office of Associate Chief Counsel (Corporate)